



# City of Centennial

## Finance Department - Sales and Use Tax Division February 2012 Monthly Report



### Centennial's Vision:

The City of Centennial is dedicated to providing a high quality of life, delivering superior customer service, and achieving the highest professional standards. We strive to uphold our mission by adhering to our organizational values.



### Sales and Use Tax Mission:

Ensure all appropriate sales and use taxes are collected to sustain the City's fiscal health by providing responsive and sound sales and use tax management services. The Sales and Use Tax Division will be professional, knowledgeable, and ethical in its provision of services to internal and external customers.



### Sales and Use Tax Strategic Goals (OVOV Centennial 2030 Alignment)

**Efficient and Accurate Collection.** The Sales and Use Tax Division will efficiently and accurately collect, record and report sales and use tax revenues while acting with integrity and fairness in the administration of Centennial tax laws.

**Enhance Operations.** The Sales and Use Tax Division will establish, refine, and verify internal and external systems, procedures, and processes required to collect the correct amount of sales and use tax revenues for the City's use. (CS 3, 3.2 and 3.3; EH 3, 3.2 and 3.3)

**Education.** The Sales and Use Tax Division will strive to create a culture of voluntary compliance within the business community through education and providing a clear interpretation and application of the sales and use tax ordinance. (EH 3, 3.2 and 3.3)

**Analytical Information.** The Sales and Use Tax Division will develop and report analytical information as needed by the City to be used in strategic and long range planning. (CS 3, 3.3; EH 1)

**Convenience and Environmental Stewardship.** Sales and Use Tax will provide a convenient, efficient, and cost effective alternative to paper tax filings for its customers by providing information and the ability to utilize forms and sales tax filing online. (EH 3, 3.2; EH 2)



#### *Survey Says...*

The 2010 Centennial Citizen Survey provided residents the opportunity to rate the quality of life in the City, as well as the service delivery and overall workings of local government. The survey also permitted residents to provide feedback to the City on what is working well and what is not.

#### **Citizen's assessment that the City supports local businesses:**

Strongly Agree: 20%  
Somewhat Agree: 49%  
Neither Agree Nor Disagree: 24%  
Somewhat Disagree: 5%  
Strongly Disagree: 2%

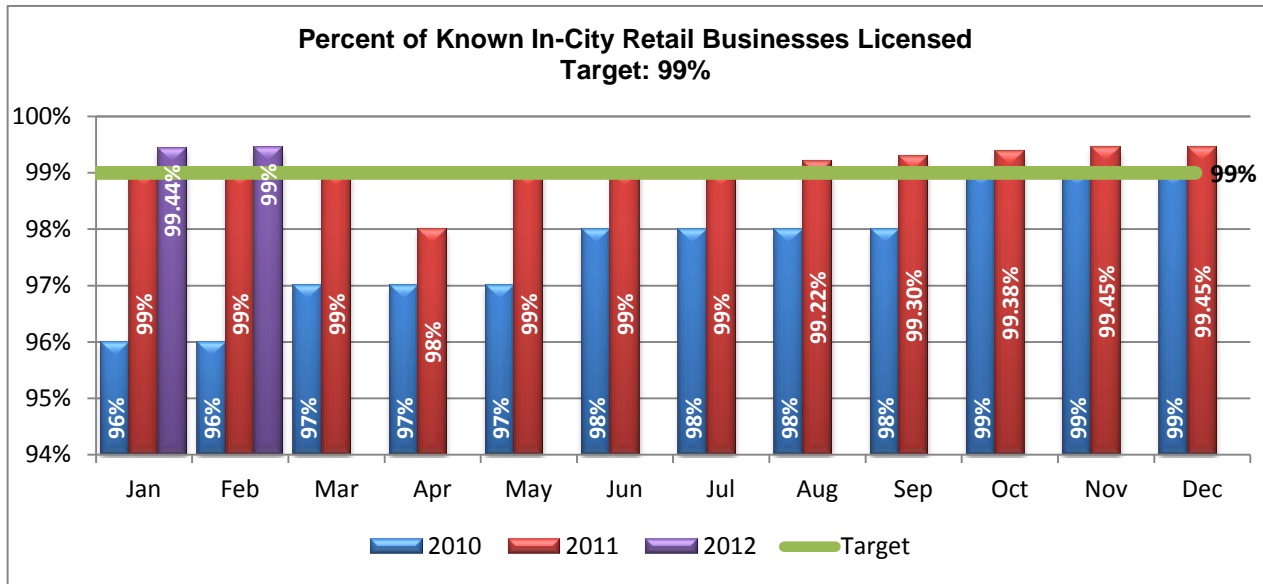
#### **Budget:**

2012: \$696,966  
2011: \$671,139  
2010: \$534,225

FTE: 3.7

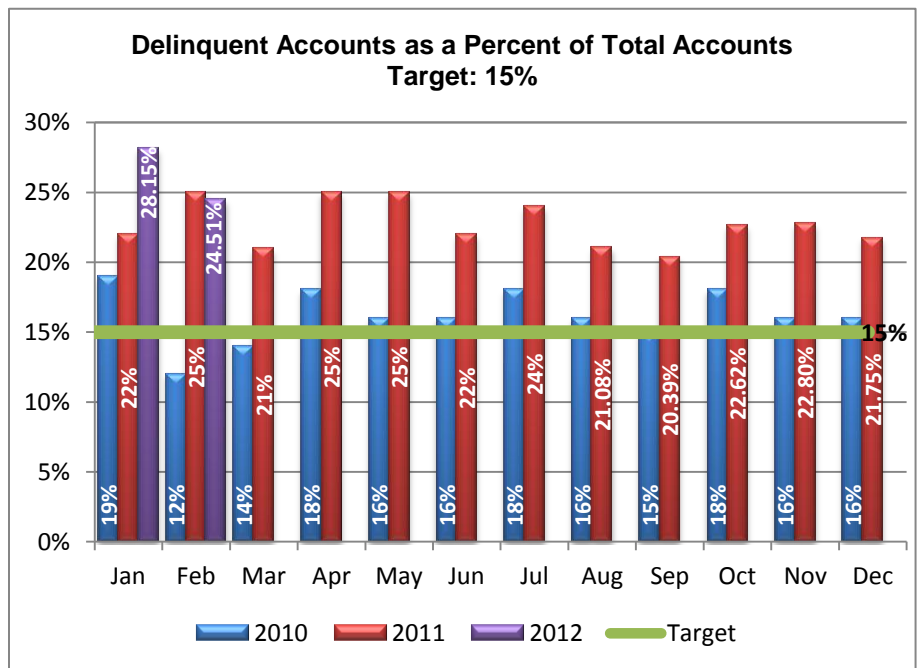
## Performance Outcome Measures

Performance outcomes are measures that indicate how well the department/division's objectives were accomplished. Outcome measures indicate the quality of effectiveness of a service and are usually associated with a goal for each measure.



Notes: City staff conducts field surveys to identify the known retailers. During the field surveys the current licenses are matched with the actual businesses to determine this information.

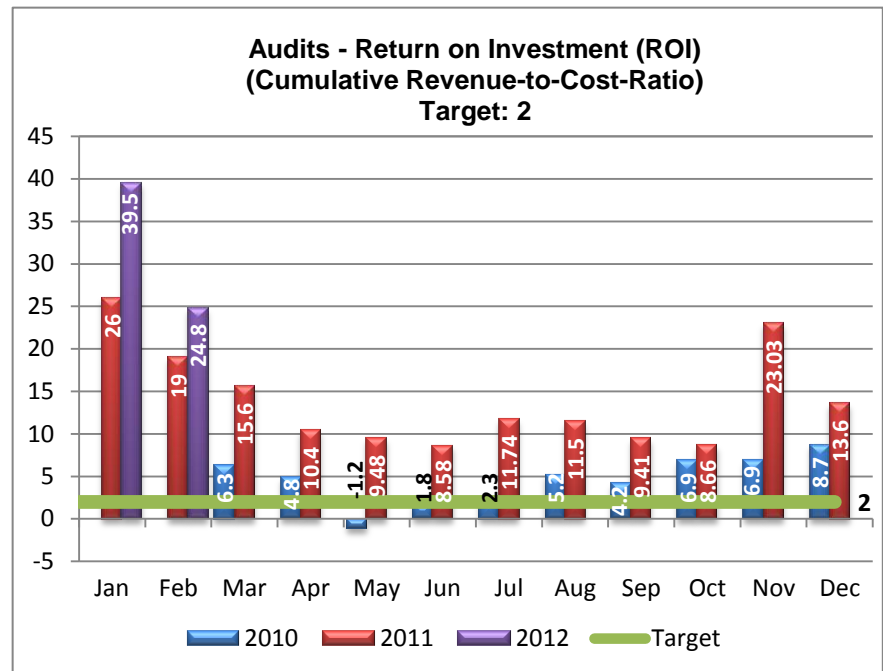
Month	2010	2011	2012
January	19%	22%	28.15%
February	12%	25%	24.51%
March	14%	21%	0.00%
April	18%	25%	0.00%
May	16%	25%	0.00%
June	16%	22%	0.00%
July	18%	24%	0.00%
August	16%	21.08%	0.00%
September	15%	20.39%	0.00%
October	18%	22.62%	0.00%
November	16%	22.80%	0.00%
December	16%	21.75%	0.00%



Notes: An account is delinquent if taxes, penalties, and/or interest are outstanding 10 days after the due date. This can be a result of a non-filed tax return, a non-payment, or a late return filing.

Retail Businesses licensed decreased in February 2011 when the City terminated erroneous accounts established from Colorado Department of Revenue (CDOR) records.

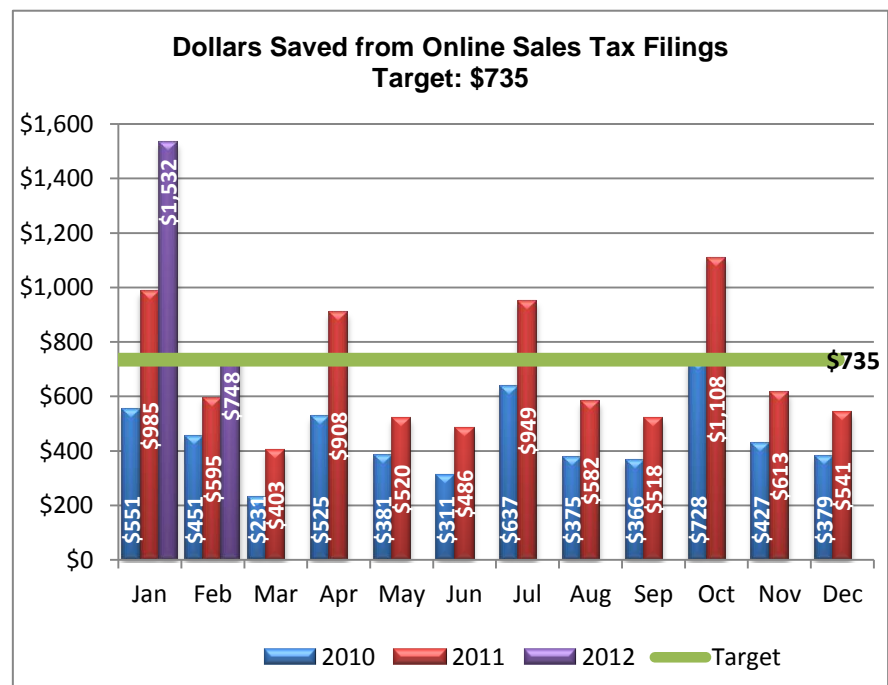
Month	2010	2011	2012
January	0	26	39.5
February	0	19	24.8
March	6.3	15.6	-
April	4.8	10.4	-
May	-1.2	9.48	-
June	1.8	8.58	-
July	2.3	11.74	-
August	5.2	11.5	-
September	4.2	9.41	-
October	6.9	8.66	-
November	6.9	23.03	-
December	8.7	13.6	-



Notes: The City's cost for conducting sales and use tax audits is exceeded by the revenue received. This ratio fluctuates greatly throughout the year and is representative of the City's diverse audit program.

Return on Investment (ROI) includes the staff time to perform audits but does not include staff time spent in verifying addresses on audits performed by the contract audit firm.

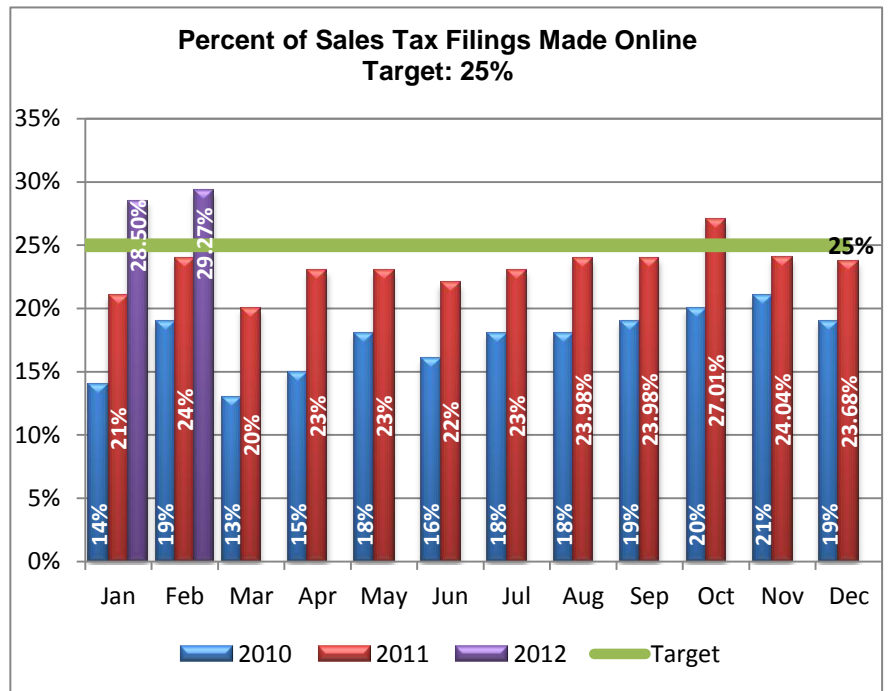
Month	2010	2011	2012
January	\$551	\$985	\$1,532
February	\$451	\$595	\$748
March	\$231	\$403	\$ -
April	\$525	\$908	\$ -
May	\$381	\$520	\$ -
June	\$311	\$486	\$ -
July	\$637	\$949	\$ -
August	\$375	\$582	\$ -
September	\$366	\$518	\$ -
October	\$728	\$1,108	\$ -
November	\$427	\$613	\$ -
December	\$379	\$541	\$ -
<b>Total</b>	<b>\$5,362</b>	<b>\$8,207</b>	<b>\$2,280</b>



Notes: In 2011, the dollars saved from online tax filings was 53.1% higher than 2010. The City saves administrative and lockbox costs when retailers file sales tax returns online because the information is directly uploaded into the City's database and the payment is made by way of Automated Clearing House (ACH).

The amount saved from online filings increase during periods in which annual and/or quarterly returns are due.

Month	2010	2011	2012
January	14%	21%	28.50%
February	19%	24%	29.27%
March	13%	20%	0.00%
April	15%	23%	0.00%
May	18%	23%	0.00%
June	16%	22%	0.00%
July	18%	23%	0.00%
August	18%	23.98%	0.00%
September	19%	23.98%	0.00%
October	20%	27.01%	0.00%
November	21%	24.04%	0.00%
December	19%	23.68%	0.00%



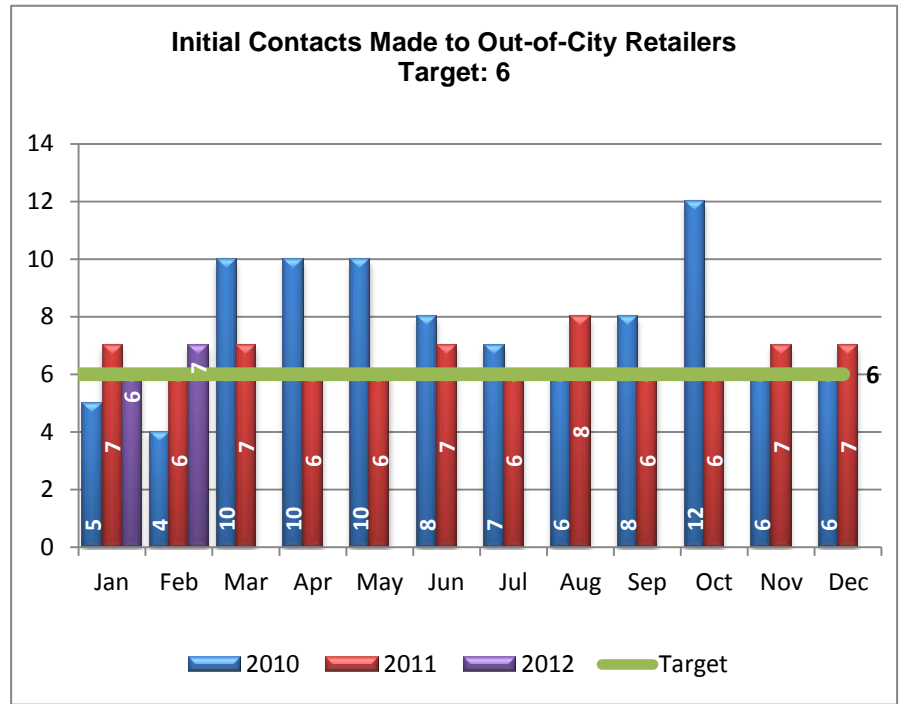
Notes: Sales tax filings made online remains slightly lower than the target of 25% in 2011. Online filings in October surpassed the target of 25%, which may be a result of the City sending an email blast in August informing Centennial businesses of the availability of online sales tax filing through the City's website.

The City sent out email notification to annual filers in January 2012 to encourage annual filers to file sales tax returns online.

## Service Level Measures

Service Level Measures may be thought of as efficiency measures. A measure of the resources required to produce a certain outcome; these may or may not be associated with a goal or target.

Month	2010	2011	2012
January	5	7	6
February	4	6	7
March	10	7	0
April	10	6	0
May	10	6	0
June	8	7	0
July	7	6	0
August	6	8	0
September	8	6	0
October	12	6	0
November	6	7	0
December	6	7	0
<b>Total</b>	<b>92</b>	<b>79</b>	<b>13</b>



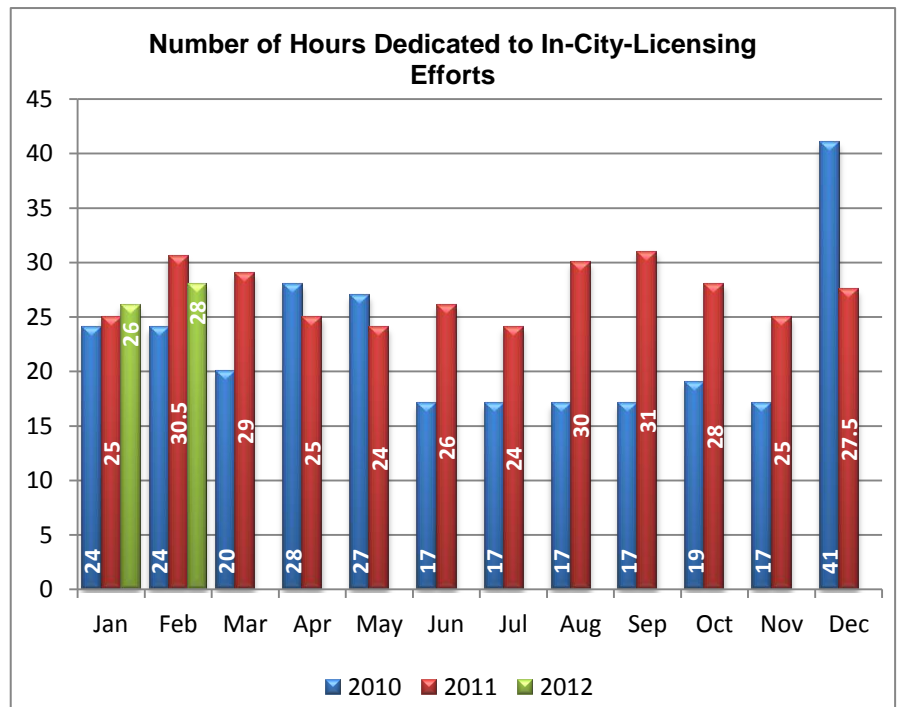
Notes: Retailers that engage in business in the City of Centennial but are located outside of the City's boundaries are required to be licensed, collecting and remitting sales tax to the City.

Spikes seen in 2010 numbers reflect staff catching up on back log.

## Output Measures

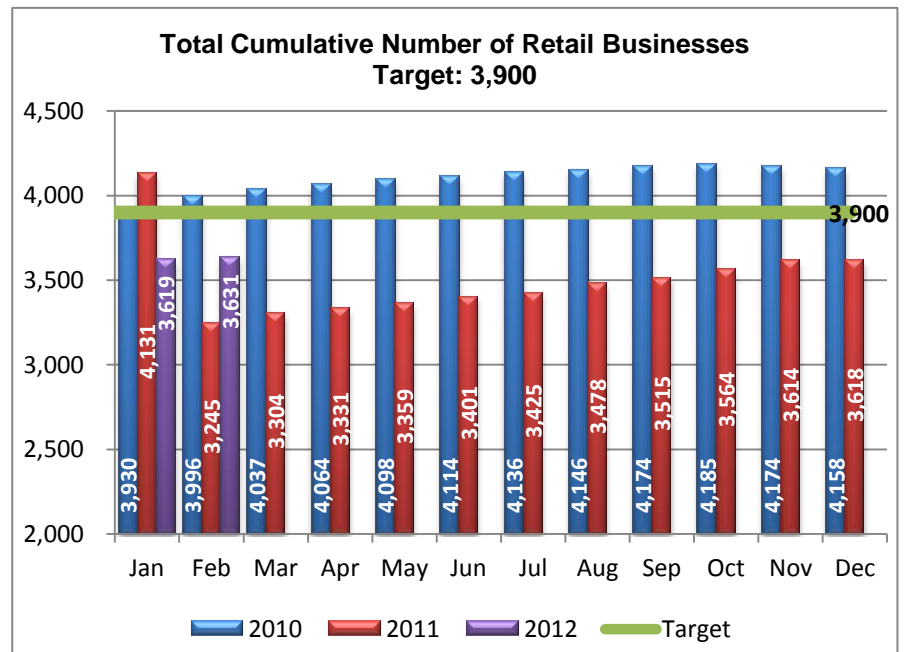
Performance Output Measures indicate the amount of service provided

Month	2010	2011	2012
January	24	25	26
February	24	30.5	28
March	20	29	-
April	28	25	-
May	27	24	-
June	17	26	-
July	17	24	-
August	17	30	-
September	17	31	-
October	19	28	-
November	17	25	-
December	41	27.5	-
<b>Total</b>	<b>268</b>	<b>325</b>	<b>54</b>



Notes: Staff performs field surveys to verify licensing requirements are met by in-City retailers.

Month	2010	2011	2012
January	3,930	4,131	3,619
February	3,996	3,245	3,631
March	4,037	3,304	-
April	4,064	3,331	-
May	4,098	3,359	-
June	4,114	3,401	-
July	4,136	3,425	-
August	4,146	3,478	-
September	4,174	3,515	-
October	4,185	3,564	-
November	4,174	3,614	-
December	4,158	3,618	-



Notes: The number of licensed retailers (recorded in the City's database) decreased in February 2011 when the City terminated erroneous accounts established from Colorado Department of Revenue (CDOR) records.

**Retail Sales Tax License Summary - 2010**

<b>Type of License</b>	<b>Jan</b>	<b>Feb</b>	<b>Mar</b>	<b>Apr</b>	<b>May</b>	<b>Jun</b>	<b>Jul</b>	<b>Aug</b>	<b>Sep</b>	<b>Oct</b>	<b>Nov</b>	<b>Dec</b>
In-City Licenses										1,539	1,538	1,530
Out-of-City Licenses										1,197	1,196	1,204
Home-Based Businesses										1,131	1,122	1,111
Other										318	318	318
<b>Total</b>										<b>4,185</b>	<b>4,174</b>	<b>4,163</b>

**Retail Sales Tax License Summary - 2011**

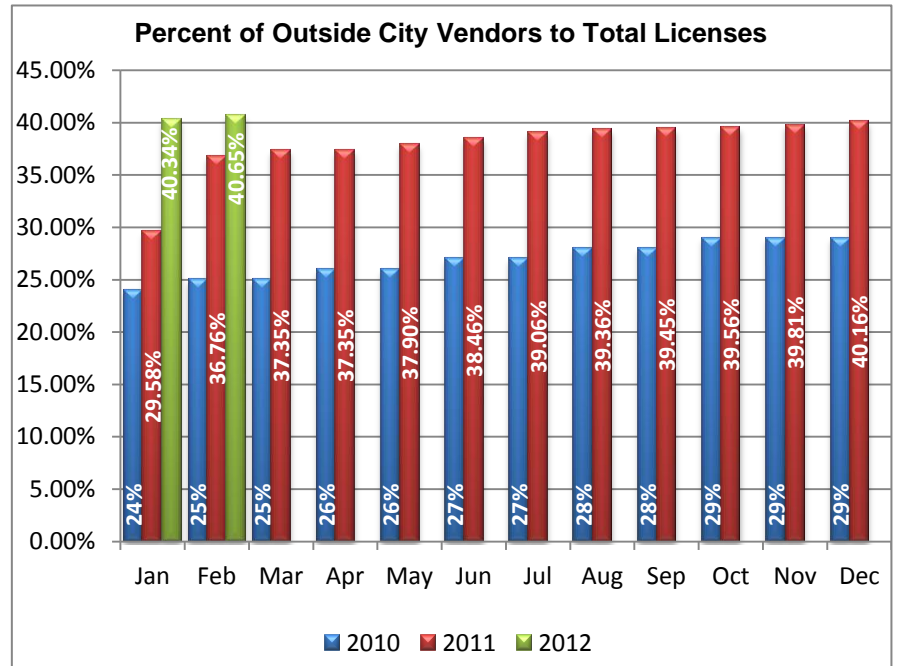
<b>Type of License</b>	<b>Jan</b>	<b>Feb</b>	<b>Mar</b>	<b>Apr</b>	<b>May</b>	<b>Jun</b>	<b>Jul</b>	<b>Aug</b>	<b>Sep</b>	<b>Oct</b>	<b>Nov</b>	<b>Dec</b>
In-City Licenses	1,513	1,359	1,372	1,388	1,389	1,394	1,382	1,402	1419	1441	1454	1446
Out-of-City Licenses	1,222	1,193	1,234	1,244	1,273	1,308	1,338	1,369	1387	1410	1439	1453
Home-Based Businesses	1,092	689	695	696	694	696	701	701	703	707	712	709
Other	304	4	3	3	3	3	4	6	6	6	9	10
<b>Total</b>	<b>4,131</b>	<b>3,245</b>	<b>3,304</b>	<b>3,331</b>	<b>3,359</b>	<b>3,401</b>	<b>3,425</b>	<b>3,478</b>	<b>3,515</b>	<b>3564</b>	<b>3614</b>	<b>3618</b>

**Retail Sales Tax License Summary - 2012**

<b>Type of License</b>	<b>Jan</b>	<b>Feb</b>	<b>Mar</b>	<b>Apr</b>	<b>May</b>	<b>Jun</b>	<b>Jul</b>	<b>Aug</b>	<b>Sep</b>	<b>Oct</b>	<b>Nov</b>	<b>Dec</b>
In-City Licenses	1,440	1,445										
Out-of-City Licenses	1,460	1,476										
Home-Based Businesses	709	703										
Other	10	7										
<b>Total</b>	<b>3,619</b>	<b>3,631</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

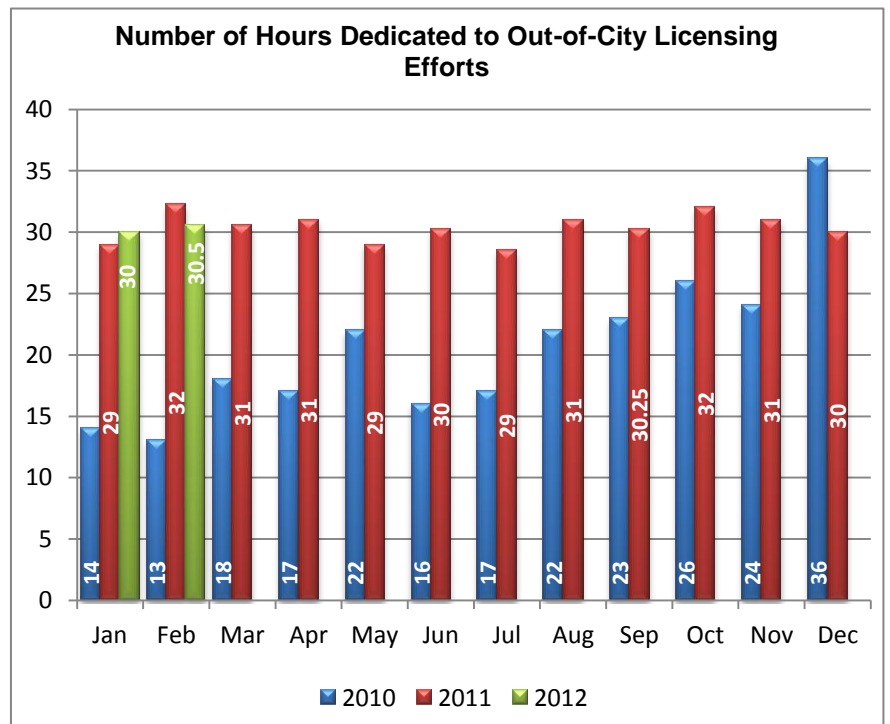
Notes:

Month	2010	2011	2012
January	24%	29.58%	40.34%
February	25%	36.76%	40.65%
March	25%	37.35%	0.00%
April	26%	37.35%	0.00%
May	26%	37.90%	0.00%
June	27%	38.46%	0.00%
July	27%	39.06%	0.00%
August	28%	39.36%	0.00%
September	28%	39.45%	0.00%
October	29%	39.56%	0.00%
November	29%	39.81%	0.00%
December	29%	40.16%	0.00%



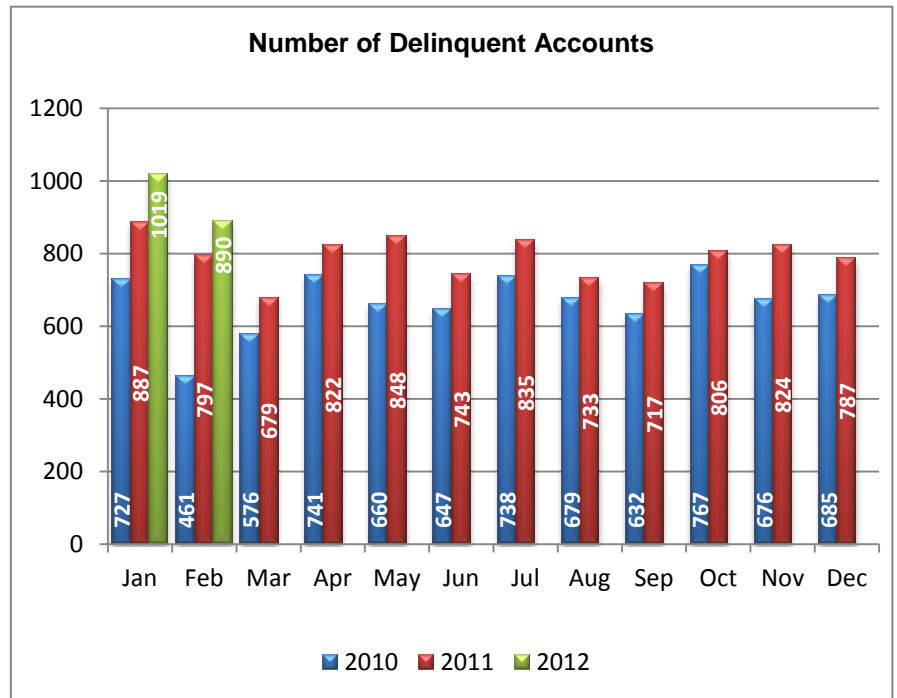
Notes: Out-of-City Retailers that are engaged in business in the City are required to license, collect and remit the City's sales tax. City staff continues to identify and license out-of-City vendors engaged in business in Centennial.

Month	2010	2011	2012
January	14	29	30
February	13	32.25	30.5
March	18	30.5	-
April	17	31	-
May	22	29	-
June	16	30.25	-
July	17	28.5	-
August	22	31	-
September	23	30.25	-
October	26	32	-
November	24	31	-
December	36	30	-
<b>Total</b>	<b>248</b>	<b>364.75</b>	<b>60.5</b>



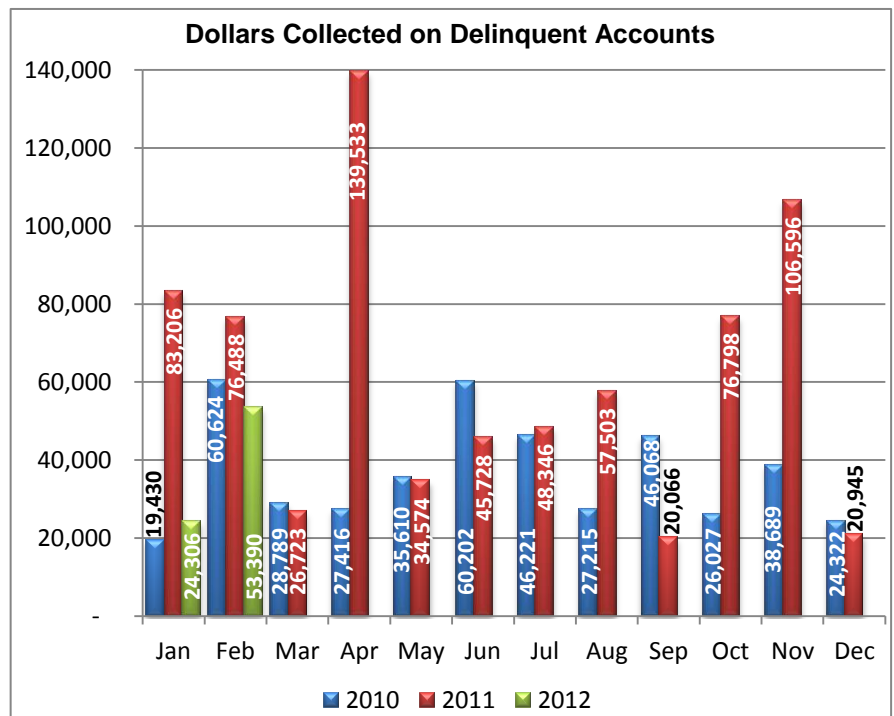
Notes: City staff makes an intentional effort to identify and contact retailers that should be licensed, collecting and remitting sales tax to the City.

Month	2010	2011	2012
January	727	887	1019
February	461	797	890
March	576	679	-
April	741	822	-
May	660	848	-
June	647	743	-
July	738	835	-
August	679	733	-
September	632	717	-
October	767	806	-
November	676	824	-
December	685	787	-



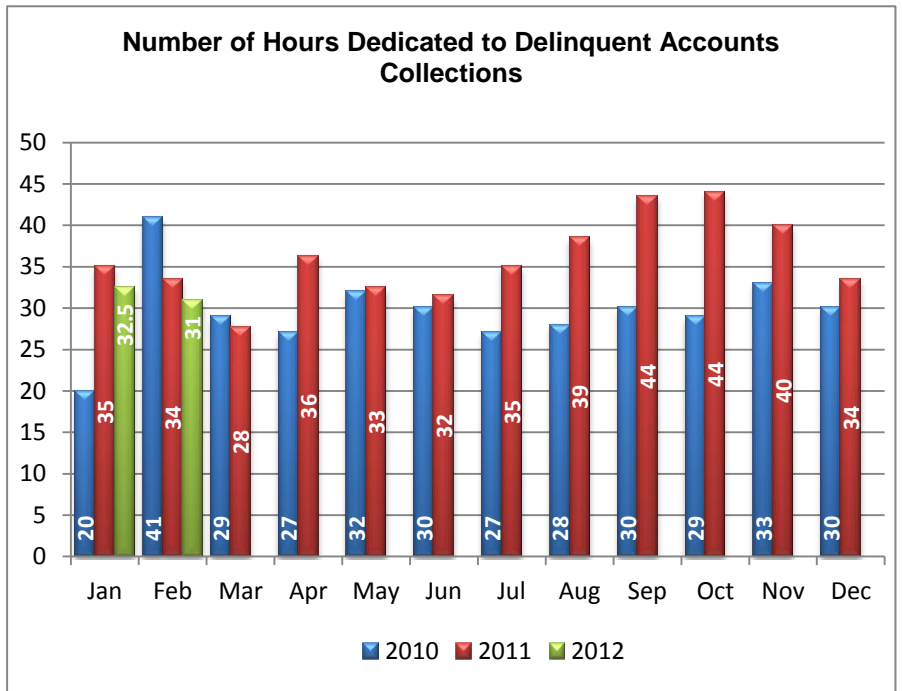
Notes: Delinquent accounts are those accounts that have either not filed a sales tax return(s) or for which sales tax penalty and/or interest is due and not paid. Spikes are seen after Quarterly and Annual filing frequencies.

Month	2010	2011	2012
January	\$19,430	\$83,206	\$24,306
February	\$60,624	\$76,488	\$53,390
March	\$28,789	\$26,723	\$ -
April	\$27,416	\$139,533	\$ -
May	\$35,610	\$34,574	\$ -
June	\$60,202	\$45,728	\$ -
July	\$46,221	\$48,346	\$ -
August	\$27,215	\$57,503	\$ -
September	\$46,068	\$20,066	\$ -
October	\$26,027	\$76,798	\$ -
November	\$38,689	\$106,596	\$ -
December	\$24,322	\$20,945	\$ -
<b>Total</b>	<b>\$440,613</b>	<b>\$736,506</b>	<b>\$77,696</b>



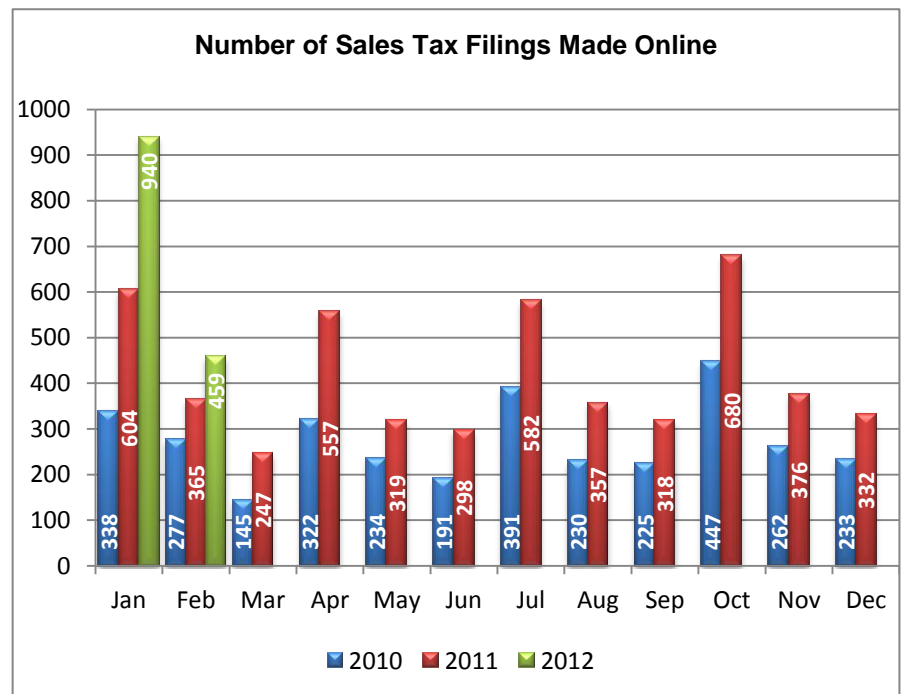
Notes: The increase in collected dollars for April, October and November 2011 was due to a few large remittances being received in those months.

Month	2010	2011	2012
January	20	35	32.5
February	41	33.5	31.0
March	29	27.75	-
April	27	36.25	-
May	32	32.5	-
June	30	31.5	-
July	27	35	-
August	28	38.5	-
September	30	43.5	-
October	29	44	-
November	33	40	-
December	30	33.5	-
<b>Total</b>	<b>356</b>	<b>431</b>	<b>63.5</b>



Notes: Delinquent account collection efforts include those provided for in the City's ordinance.

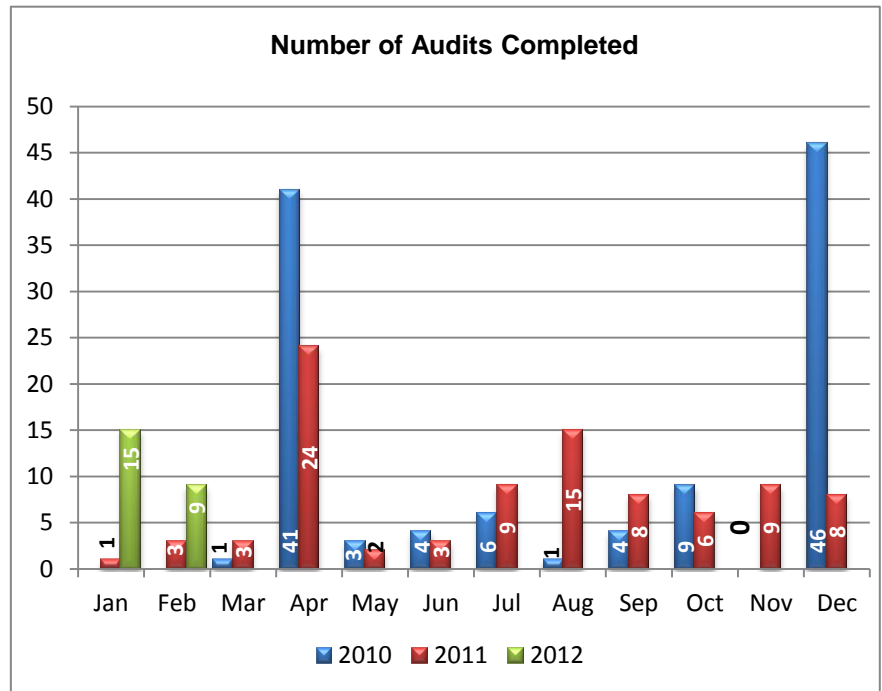
Month	2010	2011	2012
January	338	604	940
February	277	365	459
March	145	247	-
April	322	557	-
May	234	319	-
June	191	298	-
July	391	582	-
August	230	357	-
September	225	318	-
October	447	680	-
November	262	376	-
December	233	332	-
<b>Total</b>	<b>3,295</b>	<b>5,035</b>	<b>1,399</b>



Notes: The number of online filings increase during the months when returns are due for Quarterly and Annual filers.

The City sent out email notification to annual filers in January 2012 to encourage annual filers to file return online.

Month	2010	2011	2012
January	0	1	15
February	0	3	9
March	1	3	-
April	41	24	-
May	3	2	-
June	4	3	-
July	6	9	-
August	1	15	-
September	4	8	-
October	9	6	-
November	0	9	-
December	46	8	-
<b>Total</b>	<b>115</b>	<b>91</b>	<b>24</b>



Notes: The number of audits completed include Sales Tax retailers and Building Material Permits. A construction project audited for use tax may include more than one permit. Each permit is counted as an audit since the estimated use tax is collected on each permit. The number of audits completed includes Building Materials Use Tax reconciliations that are performed by the General Contractor and verified by the City.

#### Audit Summary - 2012

Type of Audit	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Building Material/ Use Tax	6	1										
Sales Tax	9	8										
<b>Total</b>	<b>15</b>	<b>9</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

